

## ATTACHMENT B: STAKEHOLDER FOCUS GROUP RESULTS

### Stakeholders Group October 22, 2007 Meeting

Eighty-five stakeholders attended the October 22, 2007 Stakeholders Group meeting. Individuals were asked to brainstorm ideas to reduce the structural budget deficit. After a list of 122 ideas was developed, each participant was given the opportunity to vote for five. Below is a full listing of ideas recorded verbatim and the number of votes each gained.

Strategies	Number of Votes by Stakeholders	New Strategy	Redundant/ Already on List	Non-Structural Deficit Options
<b>REVENUE STRATEGIES</b>				
Identify key emerging industries, and target them to come to City	20		√	
Bring companies/jobs to City	20		√	
Renew 9-1-1 fee	18		√	
Focus on downtown for economic vitality	18		√	
Build City-wide sports complex	10			√
Increase fees to support operations and maintenance costs of park facilities	10		√	
Focus on development—downtown and North San Jose	10			√
Airport—reduce limits on number of flights to increase number of flights and international travelers	8			√
Seek voter approval to allow use of C&C tax monies for park and community center operations	6		√	
Grow sales/property tax revenue by providing short-term incentives (fee reductions, zoning entitlements) for long term	6	√		

Strategies	Number of Votes by Stakeholders	New Strategy	Redundant/ Already on List	Non-Structural Deficit Options
investment pay-offs for high priority areas				
Plan for retail in future change light industrial zoning to more retail	5			√
Upgrade shopping centers	4	√		
Build own alternative power facilities and sell power or gain credits	4			√
City-wide facilities maintenance districts	3		√	
Issue pension obligation bonds to cover GASB 45 concerns	3		√	
Solar panels, other construction goods—if purchased from local business, waive fee	2	√		
Conduct a study on fees that other cities charge (what are we missing?)	2		√	
End war in Iraq	2			√
E-center (subsidized rent) should be income producing	2	√		
Public safety parcel tax	2		√	
Increase user fees at airport	1	√		
Review flexibility of all fees	1	√		
“Buy San Jose” program	1	√		

City of San José  
Strategies to Address the City's General Fund Structural Budget Deficit

Strategies	Number of Votes by Stakeholders	New Strategy	Redundant/ Already on List	Non-Structural Deficit Options
County assessor—update appraisals	1	√		
Are we taking advantage of all UASI funding opportunities?	1	√		
Citywide assessment districts to address infrastructure maintenance	1		√	
Look at raising sales and property taxes	1		√	
Support small businesses	1	√		
Business permit “holidays” to incentivize business	1	√		
Increase neighborhood business districts with ground floor retails and above office and housing	1		√	
Focus on helping businesses stay here	1		√	
Focus on generating more jobs/less housing	1			√
Increase number of businesses in San Jose and provide incentives for existing businesses to stay	0			√
Modest 911 fee increase	0	√		
Lobby on State level—universal healthcare; NASCOP—speeding tickets	0		√	
Bond financing shortfall: lighting; greenbelts; development contributions; trans/beauty; City endowments--possible use of them	0			√
New G.O. bond measures should be joined with a parcel tax to fund new operating costs	0	√		

City of San José  
Strategies to Address the City's General Fund Structural Budget Deficit

Strategies	Number of Votes by Stakeholders	New Strategy	Redundant/ Already on List	Non-Structural Deficit Options
Put solar panels on City buildings then sell excess energy	0	√		

SERVICE DELIVERY MODEL CHANGES				
Don't privatize City jobs at civic center and convention facility	16			√
City incentive program—to encourage employees to give ideas for savings (financial reward)	15	√		
Old City hall adaptive re-use to generate revenue	14		√	
Streamline planning department towards small business with timeline not exceeding two years	14	√		
Review all contracts (all vendors, consultants and non-profits). Especially multi-year	12	√		
Stop residential conversion to serve developers and re-focus on bringing back business and work/jobs opportunities	11			√
Explore public/private partnerships in parks and trails	11		√	
Go out to bid on non-essential City services, allow City to submit bid	8		√	
Stop converting industrial and job creating lands to residential—bring businesses and industry to City	5			√
Sell old City Hall	5		√	
Operational efficiencies look at each office for streamlining, use of technology	5		√	
Reduce unnecessary positions and overtime (over workload vs. light workload)	4	√		
Re-evaluate design—build projects and evaluate real cost vs. using/training City employees relative to contractors	4	√		
Increase volunteers programs—anti-graffiti, parks	4		√	

City of San José  
Strategies to Address the City's General Fund Structural Budget Deficit

Support small business by improving safety	4	√		
Hire community service officers to handle low risk police calls	3		√	
More partnerships (parks department and YMCA could partner in provide services for children)	2		√	
Private-public partnerships with more emphasis on private	2		√	
Long term costs of capital and infrastructure improvements are considered	2	√		
Merge Council Districts from 10 to 5; generate savings and streamline decision-making	2	√		
Bids for City-services (e.g. Indianapolis, garbage)	2		√	
Evaluate cost of business operations like cashing checks and paying City cell phone bills	1	√		
Offer more part-time positions to save on health care benefits	1	√		
Streets and tree trimming have been neglected—decrease developer fee on sliding scale to increase green building within private developments and public buildings	1			√
Privatization of City parks/maintenance similar smaller tasks	1		√	
Indirect cost allocation plan—review	1		√	
Examine administrative workload—is it necessary?	1	√		
Give department heads incentives to reduce waste, then reward them	1	√		
Set a percentage aside in capital projects for technology requests rather than after the fact and out of General Fund	1	√		

City of San José  
Strategies to Address the City's General Fund Structural Budget Deficit

Explore capital funding—shift some to O&M	1	√		
Explore capital funding—shift some to O&M	1	√		
Give greater flexibility in 90% of department budgets	1	√		
City volunteers for schools	0			√
Offer forgiveness on student loans	0			√
Move the airport	0			√
Use native plants for landscaping parks and do not introduce large grass areas	0			√
Use underutilized sections of roads to alleviate rush hour traffic	0			√
Competition—public/private	0		√	
Multiple service agencies—consolidate	0	√		
Clarify/simplify service streams for parks, libraries and schools	0	√		
Leverage RDA to provide more services from General Fund	0		√	
Extend and expand redevelopment project areas	0	√		
Do away with term limits for City Council so can stay and work on problems	0			√
Re-engineer budget process	0	√		

City of San José  
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Use of toll roads. Have private industry build other infrastructure where market can exist	0	√		
Change fee structure to cater to top 80% over 20% who can pay	0	√		
Collect on commercial and residential landlord business tax year-round	0	√		
Civic center	0			√
Offer low cost housing to City employees	0			√



EXPENDITURE CONTROLS AND SHIFTS				
Retiree healthcare trust	12		√	
Change/reduce pension/health benefits for all new City employees	10		√	
Review bid options—do not always take low-bid but best value instead	7	√		
Employee wellness	4	√		
Promote employee wellness	2	√		
Explore 2-tiered retirement/benefits for new employees	2		√	
Stop City-County lawsuits—use binding arbitration	1			√
Increase employee contributions to health care costs	1		√	
Develop two-tier retirement system for new hires	1		√	
Increase employee retirement contributions	1		√	
HR/OER to develop and offer high-deductible health insurance and health savings	1		√	
Reduce city-issued procurement cards and cell phones	0	√		
Reduce budgets to reflect actual expenditures	0	√		
Decrease number of “active” parks	0	√		

City of San José  
Strategies to Address the City's General Fund Structural Budget Deficit

Focus on energy savings	0	√		
Cut off fluffy consultant agreements	0	√		
Look at employee benefits compared to other government agencies	0		√	
Reduce number of sick leave/holidays	0		√	
Develop a cap on employee salary increases couple with a revenue increase proposal	0		√	
No mayor and Council raises	0	√		
Increased risk management analysis	0	√		
Fire inspections (HazMat) should be able to do their work	0		√	

SERVICE REDUCTION				
Goal of safest city—can we be “one of the safest”	9	√		
Stop spending on Coyote Valley EIR	9	√		
Set up programs to help City employees buy homes	7			√
Stop bail-outs to non-profits	3	√		
Increased risk management analysis	3		√	
Cut City subsidies to non-profits and Hayes Mansion	2	√		
Champ car type fiascos	2			√
Cut out account for Sister City program	1	√		
Stop spending money on pro sports teams	1	√		
Revisit funding of agencies providing services to community (after-care, gang prevention, SJ interventions)	1	√		
Housing loans with San Jose State University for staff/professors—City should not be contributing	0			√
No more forgivable loans for executives	0	√		
Reduce minimum staffing on fire engines/equipment	0		√	

## Stakeholders Group November 28 & 29, 2007 Meetings

Four separate Stakeholders Group Meetings were held over two days with the following groups: Senior Staff, City Labor Alliance, Employees, and Community/Business Groups (including City Boards and Commissions). All four groups were presented with the same strategies within the four categories of Revenue Strategies, Service Delivery Model Changes, Expenditure Controls and Shifts, and Service Reductions. Each participant received a single red ("power") dot to select their most preferred strategy and six purple dots to vote on their two most preferred strategies for each of the three categories for which we reviewed options.

REVENUE STRATEGIES		
STRATEGY	RED DOTS	PURPLE DOTS
SENIOR STAFF		
Extend Emergency Communication System Support Fee	11	13
Adjust Business Tax for Inflation and Modernize the Formula		3
Increase Transient Occupancy Tax to Market and Shift to the General Fund		
Modernize Utility Users Tax and Consider Bringing the Rate into Alignment with other Large Cities having this Tax		1
Levy Parcel Tax for Police / EMS Services		12
Implement Lighting and Landscape Districts		12
Bring Current Fees to Market		1

CITY LABOR ALLIANCE		
Extend Emergency Communication System Support Fee		11
Adjust Business Tax for Inflation and Modernize the Formula		1
Increase Transient Occupancy Tax to Market and Shift to the General Fund		2
Modernize Utility Users Tax and Consider Bringing the Rate into Alignment with other Large Cities having this Tax		
Levy Parcel Tax for Police / EMS Services		3
Implement Lighting and Landscape Districts		1
Bring Current Fees to Market		8
CITY EMPLOYEES		
Extend Emergency Communication System Support Fee	4	10
Adjust Business Tax for Inflation and Modernize the Formula		
Increase Transient Occupancy Tax to Market and Shift to the General Fund		
Modernize Utility Users Tax and Consider Bringing the Rate into Alignment with other Large Cities having this Tax		6
Levy Parcel Tax for Police / EMS Services		
Implement Lighting and Landscape Districts		
Bring Current Fees to Market		6

COMMUNITY/BUSINESS GROUPS		
Extend Emergency Communication System Support Fee	2	10
Adjust Business Tax for Inflation and Modernize the Formula		4
Increase Transient Occupancy Tax to Market and Shift to the General Fund		5
Modernize Utility Users Tax and Consider Bringing the Rate into Alignment with other Large Cities having this Tax	1	2
Levy Parcel Tax for Police / EMS Services		1
Implement Lighting and Landscape Districts		
Bring Current Fees to Market		1

SERVICE DELIVERY MODEL CHANGES		
STRATEGY	RED DOTS	PURPLE DOTS
SENIOR STAFF		
Revise Competition Policy and Implement Managed Competition for Service Delivery		13
Shift Economic Development / Other Costs to San Jose Redevelopment Agency		
Eliminate Binding Interest Arbitration	4	16
Formalize and Implement Asset Management Program		6
Increase Utilization of Civilian Positions in Police and Fire	2	3
Modify Minimum Fire Staffing Policies in Low Density Settings		2
CITY LABOR ALLIANCE		
Revise Competition Policy and Implement Managed Competition for Service Delivery		
Shift Economic Development / Other Costs to San Jose Redevelopment Agency	6	8
Eliminate Binding Interest Arbitration		
Formalize and Implement Asset Management Program	2	2
Increase Utilization of Civilian Positions in Police and Fire		8
Modify Minimum Fire Staffing Policies in Low Density Settings		4

CITY EMPLOYEES		
Revise Competition Policy and Implement Managed Competition for Service Delivery		
Shift Economic Development / Other Costs to San Jose Redevelopment Agency	3	7
Eliminate Binding Interest Arbitration		
Formalize and Implement Asset Management Program	2	12
Increase Utilization of Civilian Positions in Police and Fire		
Modify Minimum Fire Staffing Policies in Low Density Settings		
COMMUNITY/BUSINESS GROUPS		
Revise Competition Policy and Implement Managed Competition for Service Delivery	4	6
Shift Economic Development / Other Costs to San Jose Redevelopment Agency	1	9
Eliminate Binding Interest Arbitration		
Formalize and Implement Asset Management Program		6
Increase Utilization of Civilian Positions in Police and Fire		4
Modify Minimum Fire Staffing Policies in Low Density Settings		1



<b>EXPENDITURE CONTROLS AND SHIFTS</b>		
<b>SENIOR STAFF</b>		
Shift Construction and Conveyance Tax Funding from Capital Projects to Operation and Maintenance Costs		12
Restructure Salary Step Increase System / Employ Market Based Compensation Benchmarks for Entry Level Salaries		4
Adopt a Two-Tier Retirement Program	2	11
Implement Health Care Plan Modifications	1	3
Implement Sick Leave Payment upon Retirement Program Modifications		4
Change Prevailing Wage Applications		5
Shift Healthy Neighborhood Venture Fund Funding to General Fund	2	9
<b>CITY LABOR ALLIANCE</b>		
Shift Construction and Conveyance Tax Funding from Capital Projects to Operation and Maintenance Costs	3	9
Restructure Salary Step Increase System / Employ Market Based Compensation Benchmarks for Entry Level Salaries		
Adopt a Two-Tier Retirement Program		
Implement Health Care Plan Modifications		
Implement Sick Leave Payment upon Retirement Program Modifications		
Change Prevailing Wage Applications		
Shift Healthy Neighborhood Venture Fund Funding to General Fund		9

CITY EMPLOYEES		
Shift Construction and Conveyance Tax Funding from Capital Projects to Operation and Maintenance Costs		3
Restructure Salary Step Increase System / Employ Market Based Compensation Benchmarks for Entry Level Salaries		2
Adopt a Two-Tier Retirement Program		4
Implement Health Care Plan Modifications		1
Implement Sick Leave Payment upon Retirement Program Modifications		5
Change Prevailing Wage Applications		
Shift Healthy Neighborhood Venture Fund Funding to General Fund		1
COMMUNITY/BUSINESS GROUPS		
Shift Construction and Conveyance Tax Funding from Capital Projects to Operation and Maintenance Costs	4	6
Restructure Salary Step Increase System / Employ Market Based Compensation Benchmarks for Entry Level Salaries	1	2
Adopt a Two-Tier Retirement Program		7
Implement Health Care Plan Modifications		7
Implement Sick Leave Payment upon Retirement Program Modifications		1
Change Prevailing Wage Applications	1	2
Shift Healthy Neighborhood Venture Fund Funding to General Fund		3

SERVICE REDUCTIONS		
STRATEGY	RED DOTS	PURPLE DOTS
SENIOR STAFF		
Reduce / Eliminate City Services to Funding Capacity		1
CITY LABOR ALLIANCE		
Reduce / Eliminate City Services to Funding Capacity		
CITY EMPLOYEES		
Reduce / Eliminate City Services to Funding Capacity		
COMMUNITY/BUSINESS GROUPS		
Reduce / Eliminate City Services to Funding Capacity		4

## Senior Staff Stakeholder Group REVENUE STRATEGIES: STAKEHOLDER FEEDBACK

Extend Emergency Communications System Support Fee	
ADVANTAGES	CONCERNS
Already expended time and resources to set up	Potential legal threat
No business concerns	Possible ballot measure
Critical service for residents – they don't realize the fee	
No current legal threat	
Revenue neutral	
No resident opposition	

Adjust Business Tax for Inflation and Modernize the Formula	
ADVANTAGES	CONCERNS
Phase in? More acceptable?	Gross receipts problematic for businesses
May be competitive with neighboring cities	Sharing proprietary information
Already collecting on a system that is in place	Need for phase in due to financial impacts
	Loss of large businesses – potential moves (eBay; Cisco)
	Possible ballot measure
	Impact on small/home businesses
	Unintended consequences (disincentives)
	Cost of holding elections
	Need to know rates in neighboring jurisdictions
	Not everything creates taxable event

<b>Increase Transient Occupancy Tax to Market and Shift to the General Fund</b>	
ADVANTAGES	CONCERNS
Could add TOT to outlying hotels	Money already allocated to other use (convention center)
Look at basic formula to allocate TOT – shift rather than increase	Increase or shift allocation
Flexibility with shifting (for Council)	Vote needed for one or both options
Targeting people other than residents	Hotels have also self-imposed a fee
	Going back to same well

<b>Modernize Utility Users Tax and Consider Bringing the Rate into Alignment with other Large Cities having this Tax</b>	
ADVANTAGES	CONCERNS
Biggest revenue generator	Portion previously voted down by voters
Last increased?	Conservation measures will impact revenue
Vote – simple majority	Cell phones/VOIP vs. decrease in land lines
Spreads the pain	Concern over revenue impact
Defensible – lower usage; lower rate	Difficult to sell to public/business community impact
Expand application of the fee – lower rate?	

<b>Levy Parcel Tax for Police / EMS Services</b>	
ADVANTAGES	CONCERNS
Favorable support – especially for police	Have current contract with county (fire impact)
Consider police and fire vs. EMS	Would be more popular if purpose was to add service

Implement Lighting and Landscape Districts	
ADVANTAGES	CONCERNS
East to set-up/pass	Good initially but hard to renew – needs strong sales pitch
Residents would be responsible for tree maintenance	Past renewals have included enhancements
Lighting – baseline – increase safety with increased lighting	Might bifurcate services if don't go citywide
50% voter approval	Check numbers on fiscal impact
Generate revenue AND promote energy efficiency	Revenue fatigue with all ballot measures having to come back frequently
Tie to Mayor's 15-year vision and beyond (Going Green)	35 miles of new streets – they will expect lighting

Bring Current Fees to Market	
ADVANTAGES	CONCERNS
Storm water fees – modify/increase to support other items (ex. Trees) – push what fees could be used for	Raising storm water fees – expand what used for (legal analysis; 218 issues)
Trash fees – other uses?	Parks don't want to include fees
	Need to be realistic about impacts

## SERVICE DELIVERY MODEL CHANGES: STAKEHOLDER FEEDBACK

Revise Competition Policy and Implement Managed Competition for Service Delivery	
ADVANTAGES	CONCERNS
Service could continue to be provided	Staff cuts would be necessary
Vote not required	Internal opposition
	Impacts the lowest wage workers
	Requires meet and confer

Shift Economic Development / Other Costs to San José Redevelopment Agency	
ADVANTAGES	CONCERNS
Get rid of redundancy	Clarify – keep consistent with state law
Consolidation option – move into the City	Low return not worth the challenges
	Right now, they have a funding problem
	Economic development is a citywide effort
	Operational impacts
	Reword the strategy to economic development costs to RDA

Eliminate Binding Interest Arbitration	
ADVANTAGES	CONCERNS
Staff support	Requires charter change
Laws have changed	Santa Clara just got defeated (60/40) – uphill fight

Formalize and Implement Asset Management Program	
ADVANTAGES	CONCERNS
Leasing – ongoing revenue (vs. sale)	The number might be low
Lots of parcels	Property can only be sold once
	One-time vs. ongoing – two separate items?
	Lots of SJ real assets don't fit in this category
	Impact on CBOs

Increase Utilization of Civilian Positions in Police and Fire	
ADVANTAGES	CONCERNS
Tie staffing to level of service vs. per 1000 pop	We are already below average for staffing – need to get up to service levels
Fire – strategic planning process underway – looking at this	Long term horizon not realistic
Outsource crossing guards	Meet and confer required
	Use CSOs when reinstate services

Modify Minimum Fire Staffing Policies in Low Density Settings	
ADVANTAGES	CONCERNS
Minimum staffing in MOA/Fire Strategic Plan – alternative strategies (demand zone) to be complete in January	It's in their MOA labor contract right now



## EXPENDITURE CONTROLS AND SHIFT: STAKEHOLDER FEEDBACK

Shift Construction and Conveyance Tax Funding from Capital Projects to Operation and Maintenance Costs	
ADVANTAGES	CONCERNS
Could increase use of energy efficient lighting – save on O & M – then use additional funds for other items	Define capital projects
“Immediate Green Vision” in existing infrastructure	Many things shift to General Fund anyway
	Some focus will ultimately result in more building
	“Green” efforts often include the O&M costs

Restructure Salary Step Increase System / Employ Market Based Compensation Benchmarks for Entry Level Salaries	
ADVANTAGES	CONCERNS
Possibility of 3-tier hire system (100% 90% 80% - pro-rated with corresponding benefits)	Meet and confer
	Productivity issues could result

Adopt a Two-Tier Retirement Program	
ADVANTAGES	CONCERNS
No advantages identified	Meet and confer

Implement Health Care Plan Modifications	
ADVANTAGES	CONCERNS
Could tie health care insurance cost share with wellness standards	There may not be much more we can do
	Meet and confer

Implement Sick Leave Payment upon Retirement Program Modifications	
ADVANTAGES	CONCERNS
No advantages identified	Nothing specifically identified – see salary step option above

Change Prevailing Wage Applications	
ADVANTAGES	CONCERNS
No advantages identified	Council policy

Shift Healthy Neighborhood Venture Fund Funding to General Fund	
ADVANTAGES	CONCERNS
No voter approval needed	Already funding many of these things via General Fund
	Already looking at updating their approach
	Back out \$2M

## **SENIOR STAFF STAKEHOLDER GROUP PARKING LOT**

- Special funds – how are other cities using funds/ how are they funding special projects?
- Slide 18: conveyance tax assumptions? Some are used for General Fund
- \$137 shortfall – what timeframe is covered?
- San José has its own utility – develop strategies? Sale? In lieu fee?
- New increased taxes need to be designated for San José (a process in and of itself)
- Clarify wording on managed competition strategy (privatization)
- Reword economic development shift to RDA
- Consolidation of RDA/OED
- Identify California jurisdictions that have an asset management system
- Asset management = real property
- Need long-term approach to managing properties – expand perspective
- Integrate minimum of five staffing issue with Fire strategic plan
- Capital projects/push energy efficiency – impact on ongoing maintenance
- Capital projects inventory – opportunities to reduce O&M?
- Green strategy – back to building vs. controlling costs. Green stuff can increase costs
- Employee strategy – more part time positions with sliding benefits
- Sick leave is generous
- Tie health care premiums to wellness
- Living wage?

## City Labor Alliance (CLA) Stakeholder Group REVENUE STRATEGIES: STAKEHOLDER FEEDBACK

Extend Emergency Communications System Support Fee	
ADVANTAGES	CONCERNS
Already existing / accepted	Cost of legal fees
May reduce abuse	Only benefits one service
No complaints	If \$ go into GF what guarantee it will go to the special fund
Higher level of svc-cell phones=local	911 fee-should not reduce service if it is specifically allocated
Cell phones potentially increasing	Legality of fee
Will keep pace with inflation	Specific allocation purpose guarantees
Seems easy	Voter approval needed

Adjust Business Tax for Inflation and Modernize the Formula	
ADVANTAGES	CONCERNS
It's way below average / inflation	Increased fee-competitiveness w/ surrounding cities
Big business / small business balance	Are there enforcement issues?
	Smaller businesses may not get licenses if cost increases

Increase Transient Occupancy Tax to Market and Shift to the General Fund	
ADVANTAGES	CONCERNS
People don't change their destinations based on TOT	Hard for the public to understand
	Is 60% shift going for city services—would these services need to compete w / GF budget

Modernize Utility Users Tax and Consider Bringing the Rate into Alignment with other Large Cities having this Tax	
ADVANTAGES	CONCERNS
	Need to be equitable for all services
	Need voter approval

Levy Parcel Tax for Police / EMS Services	
ADVANTAGES	CONCERNS
Easier to pass with voters	Voter approval
	Should have citywide application, not districts

Implement Lighting and Landscape Districts	
ADVANTAGES	CONCERNS
People pay for their own area	Discontent with current services will not build support
	Hard to implement
	Possibility of contracting out maintenance in new districts

Bring Current Fees to Market	
ADVANTAGES	CONCERNS
	100% cost recovery – just bring to market

## SERVICE DELIVERY MODEL CHANGES: STAKEHOLDER FEEDBACK

Revise Competition Policy and Implement Managed Competition for Service Delivery	
ADVANTAGES	CONCERNS
Gain-sharing can be positive if properly implemented	Need to be clearly understood
Design so there are no built-in	Hamstrung in any competition because of cuts
	Unintended consequences
	Level playing field
	Implementation costs
	Need to compare apples to apples-not eliminating prevailing wage
	City staff understaffed now-can't compete for additional work
	Unintended consequences
	Gain sharing – Promised before – not delivered (some inequities if not all groups qualify)
	Process improvements – need to be part of formula
	Lose time to do work when developing bids – working thru competition

Shift Economic Development / Other Costs to San José Redevelopment Agency	
ADVANTAGES	CONCERNS
Redundancy-services overlap	Duplication currently (i.e., design admin)
Shift Public Art to Redevelopment	Legal limitations - RDA
Reduced overhead	

Eliminate Binding Interest Arbitration	
ADVANTAGES	CONCERNS
Would be more equitable	Police fire will go where they feel protected-
	Retention / Recruitment
	Dignity, respect, honest bargaining need to occur. Feeling this is not happening.
	Could affect service levels

Formalize and Implement Asset Management Program	
ADVANTAGES	CONCERNS
Cost recover instead of waste money	Paying but not utilizing to max
	Be sure it is done appropriately
	Staff needs best knowledge on process

Increase Utilization of Civilian Positions in Police and Fire	
ADVANTAGES	CONCERNS
Office use only-non-safety issues	Use appropriately
Maximizes efficiency-not everyone has to be sworn	Flatten the organization
More appropriate use of officers/skills e.g., control, construction monitoring	Imbalance on cuts – sworn vs. civilian
Flattens the organization, helps current imbalances	Impact on service levels – public safety

Modify Minimum Fire Staffing Policies in Low Density Settings	
ADVANTAGES	CONCERNS
Could reduce redundancies for medical Emergencies	“Low density”-may not have as many people but bigger problems
Should be evaluated for different calls / risk	Legal implications of reduced staffing
	Possibility of not sending engines with paramedics

## EXPENDITURE CONTROLS AND SHIFT: STAKEHOLDER FEEDBACK

Shift Construction and Conveyance Tax Funding from Capital Projects to Operation and Maintenance Costs	
ADVANTAGES	CONCERNS
We need to address deferred maintenance need balance between new & old	Imbalance-construction v. operation -total cost up front
Big ticket item	Tie O&M costs with construction budget

Restructure Salary Step Increase System / Employ Market Based Compensation Benchmarks for Entry Level Salaries	
ADVANTAGES	CONCERNS
No advantages identified	Retention / Recruitment issues
	Higher skilled jobs-harder to recruit
	Different retirement systems cause dissent
	Morale
	Become training ground for other cities

Adopt a Two-Tier Retirement Program	
ADVANTAGES	CONCERNS
No advantages identified	Causes internal dissention

Implement Health Care Plan Modifications	
ADVANTAGES	CONCERNS
Wellness programs - ties benefits to wellness	Improve negotiations w/ health care providers
Incentives based on not using sick leave e.g., after 10 years, 1 yr. paid benefits	Need to put back wellness programs



Implement Sick Leave Payment upon Retirement Program Modifications	
ADVANTAGES	CONCERNS
No advantages identified	Call in sick today if you take away retirement benefit
	Currently at "breaking point"
	Service delivery impact if people use sick leave instead of save

Change Prevailing Wage Applications	
ADVANTAGES	CONCERNS
No advantages identified	NO
	Will have reduction in service long term
	Be cautious

Shift Healthy Neighborhood Venture Fund Funding to General Fund	
Let them fight for money like the others	Concerns about increases in gang activity
Yes	

## **CITY LABOR ALLIANCE (CLA) STAKEHOLDER GROUP PARKING LOT**

- Enforcement of business license fee
- Streamline county pockets within SJ
- Gain sharing – process issues
- Need to focus on service delivery
- Some classifications not eligible
- SF incentive system proposal by labor
- Shift Public Art to RDA
- Green City initiatives – not funded
- Grants - increase leverage for state / fed grants
- Healthy Neighborhoods – look at shifting from police to deal w/ gang activity  
P&R etc. could do early (earlier) intervention
- “PAY JOBS”
- Civilian Traffic Flagging
- Charge to cover full extent
- Police parking control around arena can be civilianized
- 100% Cost Recovery?
- Consultants to implement (Consultant Mgmt.)
- 2yr v. 1yr budget
- Budget Policy=Fund operations instead of capital
- Term Limits

## Employee Stakeholder Group REVENUE STRATEGIES: STAKEHOLDER FEEDBACK

Extend Emergency Communications System Support Fee	
ADVANTAGES	CONCERNS
Could tie in with cell phones/ utility tax	Not clear funds go to 911 costs
Likely voter approval	Possibility of no sunset provision in renewal
Public Safety—popular	Possibility of voter approval needed in addition to Council approval
People are used to it	Public would be unhappy if discontinued
Investigate increasing (gradual)	Requires a vote?
	Where are cell phone revenues going (cell phone \$\$ not captured)
	Increases in fee could be arbitrary

Adjust Business Tax for Inflation and Modernize the Formula	
ADVANTAGES	CONCERNS
No advantages identified	Limitations on enforcement – inspectors
	Need to be sensitive to protect small business (also outside contractors)
	Discourages payments if fees are raised
	Capture all \$\$ - amnesty program means less \$\$
	Need better enforcement (for all revenue)
	Hardship license should be reviewed
	Flea market – how many have license and pay fee?

Increase Transient Occupancy Tax to Market and Shift to the General Fund	
ADVANTAGES	CONCERNS
Increasing = good	Wonder if special uses will still be funded by the General Fund
Special Funds would have to compete with all other services	Is move to the General Fund the best idea?
Raising ok, but don't shift	What happens to what is funded by TOT
	Out price the hotel market?

Modernize Utility Users Tax and Consider Bringing the Rate into Alignment with other Large Cities having this Tax	
ADVANTAGES	CONCERNS
Keeps up with technology e.g. cell phones, satellite	Voter issues

Levy Parcel Tax for Police / EMS Services	
ADVANTAGES	CONCERNS
Easy implementation (Tax bill)	Because special purpose, need 2/3 vote
Could bring in more \$ than estimates	What are the benefits to County pockets that pay the taxes but don't receive the services? Equity imbalance
Everyone pays their share for services	Suburban/residential base – use services not big revenue generator
Generates \$ from being a bedroom community/residential city	Another pot of money that Council could manipulate

Implement Lighting and Landscape Districts	
ADVANTAGES	CONCERNS
Makes new development pay for itself	Equity in County pockets

Bring Current Fees to Market	
ADVANTAGES	CONCERNS
Could be a <u>lot</u> more than estimates	Underestimated revenue potential
Fees would pay for services (currently subsidized)	Political decision—developer pressure will be strong
Development fees—major potential source	Developers will not allow Council to raise fees (developer fees max 7%)

## SERVICE DELIVERY MODEL CHANGES: STAKEHOLDER FEEDBACK

Revise Competition Policy and Implement Managed Competition for Service Delivery	
ADVANTAGES	CONCERNS
No advantages identified	Staff time developing RFPs and managing contracts
	Costs of competing
	Profit motive vs. service orientation
	City crews having to follow up on private contractor's work
	Not necessarily less expensive – possible subsidies (i.e., Hayes Mansion; Convention Center
	Cost for competition process not captured
	Private industry will low-ball the bid
	Private sector not as motivated to provide quality service/does not give better service or save money (perception)

Shift Economic Development / Other Costs to San José Redevelopment Agency	
ADVANTAGES	CONCERNS
Aligns RDA more with the City	Make sure to include all overhead costs
More reimbursement potential for City labor	"Dangerous"
Eliminate Some duplication	

Eliminate Binding Interest Arbitration	
ADVANTAGES	CONCERNS
No advantages identified	Concern about City Council making decisions (not subject experts)
	Cannot take away – cannot put decision in hands of Council
	"Real" budget is not presented to public (not really a problem)

Formalize and Implement Asset Management Program	
ADVANTAGES	CONCERNS
Opportunity to generate revenue	Need to at least achieve cost recovery
Better planning on inventory – better maintaining	Costs of bringing up to standards
Decreases waste	Haven't maintained properties—liability in leasing
Reduce leasing among City departments	Too many rules, procedures, policies that make it difficult to lease vacant buildings
Current leases are often cheap—better utilization	Liability associated with leasing
More cost recovery	Too many community centers that can't be maintained
	Some departments are leasing space at high lease rates
	Non-profits paying \$1 to lease
	District structure makes it difficult to do different things in different districts
	Need to get more money from leases with private sector

Increase Utilization of Civilian Positions in Police and Fire	
ADVANTAGES	CONCERNS
More opportunities for this in Police	Concern that with civilianization, decisions could be made without understanding nature of work issues
	Loss of flexibility in an emergency

Modify Minimum Fire Staffing Policies in Low Density Settings	
ADVANTAGES	CONCERNS
No advantages identified	No concerns identified

## EXPENDITURE CONTROLS AND SHIFT: STAKEHOLDER FEEDBACK

Shift Construction and Conveyance Tax Funding from Capital Projects to Operation and Maintenance Costs	
ADVANTAGES	CONCERNS
No advantages identified	Could be proportional split – not all or nothing
	If eliminate CIP funded positions; lose overhead contribution to General Fund
	If all money goes to maintenance, how do you fund capital projects when you need them?

Restructure Salary Step Increase System / Employ Market Based Compensation Benchmarks for Entry Level Salaries	
ADVANTAGES	CONCERNS
No advantages identified	Impact on recruitment, retention
	Lower entry level salaries may not attract best candidates who will stay and grow with City
	Impact of business cycles should be taken into account in recommended changes to entry level steps (effect on attracting good employees)
	Balance with benefits/security offered by city employment
	Salary reductions need to take area cost of living into account
	Not sure this is the answer – top salaries are highest – where big money is
	Bay Area is expensive to live in – salary impact
	Staff feels they are a liability vs. an asset (balancing budget on the backs of good employees)
	Need to take care of our own



Adopt a Two-Tier Retirement Program	
ADVANTAGES	CONCERNS
No advantages identified	May cause tensions between new and older employees
	See employee concerns for salary step strategy

Implement Health Care Plan Modifications	
ADVANTAGES	CONCERNS
No advantages identified	Current structure protects programs from political decisions/changes
	Many CBOs not well/efficiently run – sometimes receive additional funds
	Perhaps add accreditation process
	These are restricted funds from tobacco tax
	BEST funds – is this program included here?
	See employee concerns for salary step strategy

Implement Sick Leave Payment upon Retirement Program Modifications	
ADVANTAGES	CONCERNS
No advantages identified	See employee concerns for salary step strategy

Change Prevailing Wage Applications	
ADVANTAGES	CONCERNS
No advantages identified	Very political
	No prevailing wage = no union worker = not a good worker
	May jeopardize future funding from outside sources

Shift Healthy Neighborhood Venture Fund Funding to General Fund	
ADVANTAGES	CONCERNS
Not a tax	No concerned identified

## **EMPLOYEE STAKEHOLDER GROUP PARKING LOT**

- Consider an increase to the ECSS Fee? (Gradually?)
- Consider adding a Business License Processing Fee
- Increase Bus. Tax Enforcement
- Better revenue enforcement (in general)
- County pockets paying City taxes
- Hayes Mansion & Convention Center
- CIP Services to RDA – get RDA to pay costs
- City's financial management system (FMS) is a relic – not reliable to determine deficit (1984 relic)
- Lack of budget transparency
- Clean up policies that prevent leasing of City properties
- Review the impact of eliminating CIP positions (Result is to also eliminate GF positions. 2 CIP positions = 1 GF pos)
- Put the neighborhood projects through an accreditation process

## Community/Business Stakeholder Group REVENUE STRATEGIES: STAKEHOLDER FEEDBACK

Extend Emergency Communications System Support Fee	
ADVANTAGES	CONCERNS
When it sunsets, the problem then gets bigger	Concern that calls are still going to Hayward – promised would come to SJ dispatch
It pays for itself	Enhanced 911 didn't occur – what was money used for?
Could include service enhancement	Cell phones not covered
Emotional appeal	Need serviced enhancement if return to voters
	Originally promised sunset
	Need to be honest with taxpayers regarding where money is used
	If not extended, General Fund would have to support – increase shortfall
	Need to be clear where money goes
	Doesn't impact property tax
	Equity with cell phone use
	Lose confidence with public – was for “enhanced” services, was to be temporary

Adjust Business Tax for Inflation and Modernize the Formula	
ADVANTAGES	CONCERNS
Tiered structure makes the most sense	People sometimes don't pay and wait for amnesty periods
Make equitable among different groups	BID lose revenue from non-payment
	Tiered structures preferred
	Competition with neighboring jurisdictions (also, comparable jurisdictions may not be SF, LA – San José does not have same attractions
	Flea markets – classification of vendor
	Follow up to amnesty; enforcement plans
	Need to do better job of enforcement before raising tax
	Los of revenue – amnesty program
	Exemptions
	Re-look at what is considered a business
	Look at strategies to attract more businesses
	San José has longest process, most processes for fees, licenses, taxes
	Leakage is local regional

<b>Increase Transient Occupancy Tax to Market and Shift to the General Fund</b>	
<b>ADVANTAGES</b>	<b>CONCERNS</b>
Doesn't tax the residents	San José's competitors are neighboring jurisdictions
Vibrant convention business	Analyze convention experience
Convention center could expand	Analyze business travel experience
Build-in business travelers	Should attract boutique hotels rather than just raise the tax – will make the city more attractive
Growth could occur near business park areas	Should re-assess current allocation of the TOT revenues
	Need to relate the content of this study to General Plan update
	Growth in hotels has been near business centers
	Has been directed in past to convention center area
	Compare rate with surrounding cities not just to the large cities
	City limit of 150 rooms outside downtown puts city at disadvantage with surrounding cities

<b>Modernize Utility Users Tax and Consider Bringing the Rate into Alignment with other Large Cities having this Tax</b>	
<b>ADVANTAGES</b>	<b>CONCERNS</b>
No advantages identified	Regressive tax
	State as "expansion of tax" rather than "modernization"
	Compare to surrounding cities
	Hard to get a tax passed

Levy Parcel Tax for Police/EMS Services	
ADVANTAGES	CONCERNS
Easily implemented (Property tax bill)	Larger parcels use less police/fire services
Quid-pro quo	Hard to sell to voters
It is transparent – people know what they're paying for	Might be added burden on top of other parcel taxes (school; library)
Emotionally it is an easier tax to pass	Need to include provisions for maintenance in tax
Could include new services	Parks would be another parcel tax purpose options
	If fee is based on square ft – largest footprint – least service usage
	Can you sell a new tax?
	Trick is making sure the money goes there
	Problem in past – pay to build then no money for O&M
	Perception needs to be “paying for better services” v. replacing existing \$\$
	Neighborhood leaders have not trust

Implement Lighting and Landscape Districts	
ADVANTAGES	CONCERNS
No advantages identified	No concerns identified

Bring Current Fees to Market	
ADVANTAGES	CONCERNS
Keeps steady with the market	Planning fees already high without improved service
Shows what is most important to the public	Recent increases pay for new City Hall costs, not planning personnel
	Fees going up with no improvement in services
	Park fees for only capital, not O&M
	Compare with surrounding cities

## SERVICE DELIVERY MODEL CHANGES: STAKEHOLDER FEEDBACK

Revise Competition Policy and Implement Managed Competition for Service Delivery	
ADVANTAGES	CONCERNS
Modernizes the city's service delivery model	Private sector wages/benefits need to be at living wage
Look at public/private partnerships	Current city parks employees are great
For City departments, their services could improve	Possibility of selling muni water
They deserve to compete in the market	City departments must be able to compete
Competition policy good for the City	You get what you pay for
City has a no-fire policy, good retirement	City has a policy that has not been used for years – need to look at it
	Current policy is not a “competitive” policy

Shift Economic Development / Other Costs to San José Redevelopment Agency	
ADVANTAGES	CONCERNS
Takes advantage of available tax dollars	Low budget item – is it worth it?
Should look at opportunities	

Eliminate Binding Interest Arbitration	
ADVANTAGES	CONCERNS
Fire has been expensive	Charter vote required
Long term solution	Remove from list – not implementable in 3-year timeframe
	Other difficulties due to public safety application
	What is the alternative?
	Difficult to implement because of police/fire PACs



Formalize and Implement Asset Management Program	
ADVANTAGES	CONCERNS
Provide incentives for using assets	Feel revenue estimates are low
Could be more money than estimates	Should expand to include vacant land
	Just do it
	Are current rents at market? Compare to Shoreline

Increase Utilization of Civilian Positions in Police and Fire	
ADVANTAGES	CONCERNS
Use officers for enforcement/sworn duties only	Officers – issue of “light duty” – need to keep slots open for this purpose
	Liability costs

Modify Minimum Fire Staffing Policies in Low Density Settings	
ADVANTAGES	CONCERNS
San José size = one size can't fit all	Look at staffing deployment (paramedic staff)
More appropriate responses	
Most fire stations don't fight fires (medical, etc.)	
Seems to be worth study	

## EXPENDITURE CONTROLS AND SHIFTS: STAKEHOLDER FEEDBACK

Shift Construction and Conveyance Tax Funding from Capital Projects to Operation and Maintenance Costs	
ADVANTAGES	CONCERNS
When built, can't use it; it doesn't make a lot of sense	Might have to be voted on
	Need to identify where current tax is being used
	Possibility of increase (not listed as option because San José is at average)
	Legal implications

Restructure Salary Step Increase System / Employ Market Based Compensation Benchmarks for Entry Level Salaries	
ADVANTAGES	CONCERNS
Employees are reasonable and they know that modifications are needed (Applies to four of the following options)	Key issue if fairness to employees in comparison to private sector
San José has a responsibility in the valley to lead these issues	Applies to new employees
Could result in decrease of health care benefit added cost reductions	If you want voters to approve new taxes, they need to know the City is addressing these issues (of employee compensation)
Salaries are quite good, even compared to the IT sector	

Adopt a Two-Tier Retirement Program	
ADVANTAGES	CONCERNS
Common in the private sector	Private sector doing this for 15 years. It's time that cities do it too

Implement Health Care Plan Modifications	
ADVANTAGES	CONCERNS
Out of pocket expenses could be similar to the general public	Co-pay continues to increase so look at costs per employee

Implement Sick Leave Payment upon Retirement Program Modifications	
ADVANTAGES	CONCERNS
No advantages identified	No concerns identified

Change Prevailing Wage Applications	
ADVANTAGES	CONCERNS
Ongoing savings (if resolved)	Is this the right place to spend time analyzing?
	What is the City's goal – good wages or good services?

Shift Healthy Neighborhood Venture Fund Funding to General Fund	
ADVANTAGES	CONCERNS
No advantages identified	No concerns identified

## **COMMUNITY/BUSINESS STAKEHOLDER GROUP PARKING LOT**

- Identify which cities have utility taxes
- Study the effect of moving TOT to General Fund
- Review the legal issues of moving the tobacco \$\$
- Verify – are 911 calls currently answered in Hayward?
- Check: cell phones = ECSS fee?
- ECSS inconsistent with the mayor's goals?
- Business tax enforcement/amnesty
- Look closely at what is a business (e.g., avon lady?)
- Business tax: make sure businesses don't leave/establish in a more business friendly community
- Small businesses can't afford a bigger hit
- Home businesses paying taxes?
- Has the City done business tax audits?
- Compare neighboring cities (jobs; sales)
- TOT – what is the competition?
- TOT – what is convention related?
- TOT – eliminate less than 150 rooms outside downtown
- TOT – evaluate where current money is going
- The info gathered here should be informed to the General Plan Committee – convey to General Plan
- Tie TOT/downtown hotel rooms to the General Plan
- Utility tax: change “modernize” to “expand”
- Parcel tax: include others? E.g. parks?
- Examine naming rights (streets; parks)
- Binding arbitration: not a 3-year solution
- HP Pavilion: how does it compare to Shoreline? Oakland Arena?
- What is the policy on vacating land?
- Utilization of volunteers
- What is the scope of prevailing wage?
- Can we get the notes from these sessions?